

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Owner: Pertubuhan Peladang Negeri Sabah (Sabah State Farmers Organization) [PPN(S).1] Contractor: J & W Lumber Corporation	Reference #	GFSSBH 003-422
Contact Person	Mr. Wee Hyen Loon (Management Representative)	Date of Report	28/08/2026
Office Address	Sabah State Farmers Organization: Lot 49-50, Estet Perindustrian Kian Yap, Lorong Durian 3, Kelombong, Peti Surat A-375, 88857 Inanam, Sabah, Malaysia. J & W Lumber Corporation: Lot 131, MDLD 7097, G Floor, Bandar Sri Perdana PH3, Jalan Silam, 91100 Lahad Datu, Sabah, Malaysia.	Date of close out	-
		Telephone	+6010 231 7115
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance				GFS 208 LVS			
Issuance Date		31 August 2026		Expiration Date		30 August 2027	

Assessment Details

Assessment Dates	24-28 August 2026
Scope of Assessment	Sabah TLAS+ P1-4: Form IIB - JPHTN(FIIB)SLK-2025/09, Form IIB: JPHTN(FIIB)SLK-2025/12, JPHTN(FIIB)SLK-2026/04, JPHTN(FIIB)SLK-2026/06 & JPHTN(FIIB)SLK-2026/08
Species	<i>Eusideroxylon zwageri</i> (Belian)
Lead Assessor	Eljipy Sualim
Assessor(s)	Ng Cai Ling, (UMS Internship) Rachal Jim
SFD Staff	PPD Kinabatangan: Banu Abd Ahmad

Objectives

- The objective of this checklist is to verify compliance with the Criteria listed in the Sabah Legality Standard as defined by Principles 1 - 4 including Principle 7 for Deforestation Free (DF) where applicable and Optional Principle 8 for CS3D dated 1 July 2026.
- Compliance is defined when all applicable criteria are observed to be compliant. A Minor Gap to any indicator does not constitute non-compliance to a criterion. A Major Gap to any applicable indicator reflects non-compliance to the criterion which shall be addressed within 2 months.
- All issues identified under this standard shall be considered appropriate to the scale and degree of forestry operations undertaken by the parties under the license agreement.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Sabah State Farmers Organization with the Form IIB permit #: JPHTN(FIIB)SLK-2025/09, Form IIB: JPHTN(FIIB)SLK-2025/12, JPHTN(FIIB)SLK-2026/04, JPHTN(FIIB)SLK-2026/06 & JPHTN(FIIB)SLK-2026/08.
- The assessment is in accordance with the terms of the agreement for the "Sabah Legality Standard Principles 1 - 4 & 7 dated 1 July 2026.
- Principle 7 Deforestation Free: ☐ Applicable ☒ Not Applicable

Scope of Assessment

- Principle 8: CS3D: ☐ Included ☒ Not Included
- Site evaluation to verify and report the level of compliance by Sabah State Farmers Organization and contractors to the standard in respect to each of the criteria within this report.

Limitations of Assessment

The information presented in this report is based on documentation and other information presented by the client and observations made during the field verification under the assessment. Auditor's reporting of information presented by the client is taken as accurate unless evaluated differently through the observations made during the assessment. All information presented in the report is accurate and complete to the best knowledge of GFS.

Summary Information

Overview of Licensee:

The Country Lease Title #: 095324806 was made on 04/11/1994 between the Director of Lands and Surveys for and on behalf of The Government of the State of Sabah (The Director) and Pertubuhan Peladang Negeri Sabah (Sabah State Farmers Organization) (The Owner), for the period from 01/01/1992 to 31/12/2090 for the purpose of the cultivation of an agricultural crop of economic value.

The said land shall be brought into cultivation in accordance with the terms and conditions. The said land shall be cultivated, developed and maintained in accordance with good husbandry practice throughout the whole period of tenure of this title. Only material approved by the Director of Agriculture shall be planted or cultivated on the said land. The Owner shall comply with all directions which may from time to time be given to him by Director of Agriculture or his agent with regard to the prevention of soil erosion and control of pests and diseases.

Pertubuhan Peladang Negeri Sabah (Sabah State Farmers Organization) has agreed and approved the application from J & W Lumber Corporation as the following.

Ref. #	Remarks
PPNS(B)1/18/1/Jld.3(08) dated 09/04/2025	To purchase and remove Belian logs (<i>Eusideroxylon zwageri</i>) from the area.
PPNS(B)1/18/1/Jld.3(18) dated 23/04/2025	Collecting and removing logs from Sungai Lokan oil palm plantation.

List of Form IIB.

#	Ref. #	Remarks
1	SFD: JPHTN/KTGN700-2/4/F2B/208/233 Form IIB: JPHTN(FIIB)SLK-2026/08	Contractor: J & W Lumber Corporation Area: Sg. Lokan, Kinabatangan Area (Ha): 999.50 Quantity logs: 2,800 pcs Volume: 63.85 M ³ Validity: 03/07/2026 to 12/08/2026 Status: Completed
2	SFD: JPHTN/KTGN700-2/4/FIIB/JILID.3/208/156 Form IIB: JPHTN(FIIB)SLK-2026/06	Contractor: J & W Lumber Corporation Area: Sg. Lokan, Kinabatangan Area (Ha): 999.50 Quantity logs: 3,550 pcs Volume: 73.91 M ³ Date: 11/05/2026 Validity: One-month validity Status: Completed
3	SFD: JPHTN/KTGN700-2/4/F2B/208/30 Form IIB: JPHTN(FIIB)SLK-2026/04	Contractor: Not stated Area: Sg. Lokan, Kinabatangan Area (Ha): 999.50 Quantity logs: 3,100 pcs

		Volume: 61.80 M ³ Validity: 11/03/2026 to 10/04/2026 Status: Completed
4	SFD: JPHTN/FRM700-2/4/1/JILID.16/31 Form IIB: JPHTN(FIIB)SLK-2025/12	Contractor: J & W Lumber Corporation Area: Sg. Lokan, Kinabatangan Area (Ha): 999.50 Quantity logs: 1,002 pcs Volume: 51.63 M ³ Validity: 08/10/2025 to 07/01/2026 Status: Completed
5	SFD: JPHTN/FRM700-2/4/1/JILID.12/109 Form IIB: JPHTN(FIIB)SLK-2025/09	Contractor: J & W Lumber Corporation Area: Sg. Lokan, Kinabatangan Area (Ha): 999.50 Quantity logs: 800 pcs Volume: 45.30 M ³ Validity: One month Status: Completed

The previous assessment was conducted in August 2025 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH 003-364).

Land use classification:

Land classification	Country Lease Area (Ha)	Current Status (Ha) as of Aug 2026
Country Lease area	999.50	999.50
Form IIB	999.50	Logs collected = 11,252 logs Volume: 296.49 M ³

Current Operations:

There is no harvesting of trees in the Form IIB area. Belian logs were collected and removed from Sungai Lokan, Kinabatangan. Based on the Form IIB documents, a total of 10,252 Belian logs with the volume of 296.49 M³ were collected and removed as of the Aug 2026 assessment.

SFD approved the Form IIB (CL.095324806):

Form IIB	NFM / ITP	Status	Area (Ha)	Geo-location data
JPHTN(FIIB)SLK-2026/08 JPHTN(FIIB)SLK-2026/06 JPHTN(FIIB)SLK-2026/04 JPHTN(FIIB)SLK-2025/12 JPHTN(FIIB)SLK-2025/09	Form IIB	Sabah TLAS	999.50	N 05° 34'56.25" E 117° 41'30.73"

Environmental context:

Forest type: Not known

Commercial species currently existing: *Eusideroxylon zwageri* (Belian)

Specific biological values (e.g., rare or endangered species): Not known

Environmental services (e.g., critical watersheds, wildlife habitat, peat swamp, etc.): Not known

EIA Report #: Not required as no harvesting only collection

Social Context:

Social assessment SBS / SIA / EIA summary: Not provided

Identified communities that are dependent on the FMU: Not known

Land claims, disputes & communication system: Not known

Community Forestry Projects: Not known

Itinerary & Mandays: 24-28 August 2026 / Form IIB: Sabah State Farmers Organization (J & W Lumber Corporation) / Kinabatangan District

Date	Activity	GFS Staff	Mandays
24 August 2026 Monday	Travel to Kinabatangan. Opening meeting and document review at PPD Kinabatangan. Overnight in Kinabatangan Rest house.	Eljipy Sualim, Ng Cai Ling, Rachal Jim	3
25 August 2026 Tuesday	Public Holiday. Overnight in Kinabatangan.	Eljipy Sualim, Ng Cai Ling, Rachal Jim	3
26 August 2026 Wednesday	Travel to Sabah State Farmers Organization (J&W Lumber Corporation). Field assessment to licensed boundary and stumping area. Document review at PPD Kinabatangan. Overnight in Kinabatangan Rest house.	Eljipy Sualim, Ng Cai Ling, Rachal Jim	3
27 August 2026 Thursday	Closing meeting at PPD Kinabatangan. Travel back to home base.	Eljipy Sualim, Ng Cai Ling, Rachal Jim	3
28 August 2026 Friday	Finalizing report.	Eljipy Sualim, Ng Cai Ling, Rachal Jim	3
29-30 August 2026	Reporting/Administration: GFSSBH003-422	Dr. Kevin Grace Eljipy Sualim	2
Total			14

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 3; Observations = 2)

Sabah State Farmers Organization (J & W Corporation) has complied with the Sabah TLAS+ requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 24-28 August 2026.

Summary of status of operations by **Principle**:

Principle 1. Right to Harvest

The Country Lease Title #: 095324806 was made on 04/11/1994 for the period from 01/01/1992 to 31/12/2090 for the purpose of the cultivation of an agricultural crop of economic value.

The Form IIB was issued for collection of logs and not related to current harvesting and project development.

August 2026: Observation 001-2026 – Checklist 1.2.1, 1.2.2, 1.2.4, 1.2.5, 2.3.4

The EIA and ECR were not available during the Aug 2026 assessment.

Principle 2. Forest Operations

During the field assessment, no evidence of disturbance was observed within the Form IIB area.

August 2026: Gap 001/2026 (minor) – Checklist 2.2.3, 2.2.7

Inconsistent in the stamping of Sabah TLAS and QR code for Geo-location was not indicated in the e-Removal Pass and Removal Pass.

August 2026: Gap 002/2026 (minor) – Checklist 2.4.1, 2.4.2, 2.4.8

No employment agreements and EPF contributions for 08/2026 were provided by the Sabah State Farmers Organizations for its employees and no EPF and SOCSO contributions for workers under J & W Lumber Corporation.

August 2026: Gap 003/2026 (minor) – Checklist 2.4.5

Training for work safety and fire was not conducted to workers.

August 2026: Observation 002-2026 – Checklist 2.4.9

OSH-C was not appointed under the Sabah State Farmer Organization.

Principle 3. Statutory Charges

The SFD did not require Occupational Permit and machineries to be registered inside the licensed area.

Principle 4. Other User Rights

Highlights of Assessment
Not applicable – No villages are associated with the licensed area and there are no Native Customary Rights (NCR) claims on the land. Principle 7. Deforestation Free Not applicable Principle 8. In Accordance with the EU Corporate Sustainability Due Diligence Directive (CS3D) (Optional) Not applicable

Summary Results:

(Major gap = 0, Minor gap = 3, Observation = 2)

Gap raised against indicators & criteria during the August 2026 assessment.

GAP	Type	Checklist	Status	Description
001/2026	minor	2.2.3, 2.2.7	New	August 2026: Inconsistent in the stamping of Sabah TLAS and QR code for Geo-location was not indicated in the e-Removal Pass and Removal Pass.
002/2026	minor	2.4.1, 2.4.2, 2.4.8	New	August 2026: No employment agreements and EPF contributions for 08/2026 were provided by the Sabah State Farmers Organizations for its employees and no EPF & SOCSO contributions for workers under J & W Lumber Corporation.
003/2026	minor	2.4.5	New	August 2026: Training for work safety and fire was not conducted to workers.

Observation raised against indicators & criteria during the August 2026 assessment.

Obs #	Checklist	Description
001-2026	1.2.1, 1.2.2, 1.2.4, 1.2.5, 2.3.4	August 2026: The EIA and ECR were not available during the Aug 2026 assessment to support operational compliance.
002-2026	2.4.9	August 2026: OSH-C was not appointed under Sabah State Farmers Organization.

Highlights of Close Out Visit (if applicable)	Dates	-
Not applicable		

Recommendations

Sabah State Farmers Organization (J & W Corporation) has demonstrated compliance with the Sabah TLAS+ Principle 1-4 & 7 requirements (FDS TLAS-006) for its designated area and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System+ Compliance Certificate (Sabah TLAS+ CC) from SFD.

Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit.

Action required to close the gap(s)/observation(s) include:

Gap 001/2026 (minor) – Checklist 2.2.3, 2.2.7: The stamping of Sabah TLAS and QR code for Geo-location should be indicated in the e-Removal Pass and Removal Pass.

Gap 002/2026 (minor) – Checklist 2.4.1, 2.4.2, 2.4.8: Employment agreements and EPF contributions for 08/2026 should be provided by the Sabah State Farmers Organizations for its employees and EPF & SOCSO contributions for workers under J & W Lumber Corporation.

Gap 003/2026 (minor) – Checklist 2.4.5: Training for work safety and fire should be conducted to workers annually.

Observation 001-2026 – Checklist 1.2.1, 1.2.2, 1.2.4, 1.2.5, 2.3.4: The EIA and ECR should be made available by the Sabah State Farmers Organization to facilitate the Sabah TLAS assessment.

Observation 002-2026 - Checklist 2.4.9: OSH-C should be appointed under Sabah State Farmers Organization as per DOSH requirements.

Form IIB permits issued for areas under 100 ha are expected to be completed within 12 months; thus, annual surveillance should not be applicable.

End of Summary Report